



Commissioners

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December 27, 2011

Mr. Tony Usibelli
Assistant Director, Community Services Division
Washington State Department of Commerce
128 10th Ave SW
PO Box 42525
Olympia WA 98504-2525

Re: I-937 Renewable Energy Compliance

Dear Mr. Usibelli: *Tony*

2012 Renewable Energy Target

The purpose of this letter is to state the Clark Public Utilities (Clark) 2012 compliance plan for meeting the 2012 renewable energy target per Chapter 194-37 WAC. Per section 4 of the WAC, each qualifying utility shall use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet at least three percent of its calendar year 2012 load.

An additional consideration in assessing Clark's 2012 renewable energy requirement is that Section (2)(d) of RCW 19.285.040 states: "A qualifying utility shall be considered in compliance with an annual target in (a) of this subsection if: (i) The utility's weather-adjusted load for the previous three years on average did not increase over that time period; (ii) after December 7, 2006, the utility did not commence or renew ownership or incremental purchases of electricity from resources other than renewable resources other than on a daily spot price basis and the electricity is not offset by equivalent renewable energy credits; and (iii) the utility invested at least one percent of its total annual retail revenue requirement that year on eligible renewable resources, renewable energy credits, or a combination of both."

Achieving the 2012 Target

In the case of the 2012 compliance year test (i) above compares the weather-adjusted average load during 2009, 2010 and 2011 to actual 2008 load. Based on weather-adjusted loads, Clark PUD's total system load experienced negative 2.48 percent load growth during this period. This calculation includes projected loads for December 2011 and will be updated at the conclusion of calendar year 2011. Expectations are Clark will pass test (i) above.

Clark passes test (ii) above as only renewable resources were purchased after December 7, 2006. Clark will pass test (iii) above, as projected 2012 Combine Hills II costs are 4.6 percent of Clark's projected total 2012 retail revenue requirement. **This letter further serves notice that Clark is compliant with Initiative 937 renewable energy targets under Section 2(d) of RCW 19.285.040.**

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On March 24, 2009 Clark executed a Power Purchase Agreement ("PPA") with Eurus Energy. Under the PPA, Clark is entitled to the entire output of the 63 megawatt (nameplate capacity) Combine Hills II wind project for a 20-year term which began in January 2010 when the project achieved commercial operation. Costs associated with the Combine Hills II project include the Eurus contract price and Bonneville's Point-to-Point transmission service, scheduling, control and dispatch service, generation imbalance and dispatchable energy resource balancing service charges. Average annual energy purchased from the wind project was 17.96 aMW in calendar year 2010. Energy purchases are projected to be 20.76 aMW in 2011, based on 11 months of actuals and one month projected. Below is a projection of Clark's 2012 load, renewable energy target and Combine Hills II generation.

Clark Public Utilities Projected 2012 Load and Renewable Energy Target	
Projected 2012 Load	536.91 aMW
Projected 2012 Renewable Energy Requirement (3% of Load)	16.11 aMW
Projected 2012 Combine Hills Generation	19.78 aMW

This 2012 compliance plan was adopted by the utility's governing board in a public meeting on December 13, 2011.

Sincerely,



Patrick R. McGary
Director of Energy Resources

PRM:km

cc: Larry Blaufus